

UK Gender Pay 2023





At MSD, we are dedicated to fostering an ever more diverse and inclusive environment where all our employees are empowered to be their best and whole selves in the workplace.

Diversity, equity and inclusion (DE&I) are at the heart of our purpose to save and improve lives. Continuing our commitment to a company culture of belonging, engagement, equity, and empowerment is at the forefront of our corporate strategy.

By taking a holistic approach to DE&I and ensuring it is embedded throughout our organisation, we can better represent the people and communities we serve.

Whilst we are required to conduct annual Gender Pay Gap analysis to meet legislative requirements within the UK, doing so also closely aligns to our values of transparency and inclusion. It is this visibility that will hold us to account as we strive to make a real change in our organisation.

The overall figures presented within this report include data from all our UK entities: MSD UK Ltd, Animal Health UK Ltd, MSD R&D Innovation Centre Ltd, Allflex UK Group Ltd, Identigen Ltd and Sure PetCare.

Last year's report identified a structural shift in the distribution of roles, following the spin-off of one of our manufacturing sites. The resulting change identified an imbalance in the distribution of roles and an increase in our Gender Pay Gap. Our commitments to address this imbalance have both a short- and medium-term focus. We have seen low levels of staff turnover in highly skilled senior positions and acknowledge that it will take a number of years to see meaningful change.

We will continue to collaborate as a community with the support of our Employee Business Resource Groups (EBRGs), core values and our integrated DE&I business strategy.

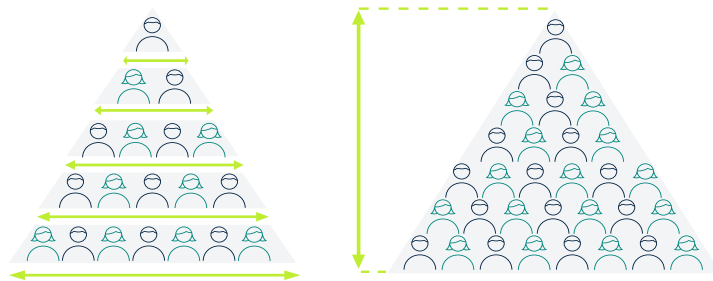
We confirm the data reported is accurate, in accordance with the requirements of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. Please note that the results presented here reflect our Gender Pay Gap as calculated on 5th April 2022, and this is explained in more detail on the following page.

Ben Lucas
Managing Director

Understanding the results

When examining the results, it is important to understand that equal pay is not the same as the gender pay gap, and the two concepts should not be confused.

Equal Pay vs Gender Pay Gap



Equal pay requires that women and men carrying out the same or similar work in the same employment must receive the same pay.

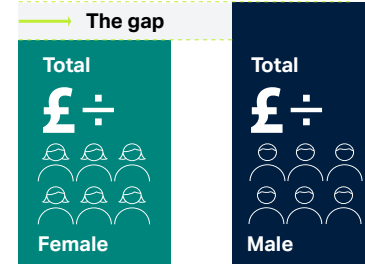
However, the **gender pay gap** measures the **difference** between the earnings of women and men across the business, regardless of the work they do. This is expressed in mean and median earnings, based on equivalent hourly rates, and is shown as a percentage of men's earnings. This includes base pay; allowances and any other bonus and incentive pay paid in April 2022.

The **gender bonus pay gap** is the difference in incentive pay received by men and women in the 12 months prior to 5th April 2022. This includes all bonuses and incentives.

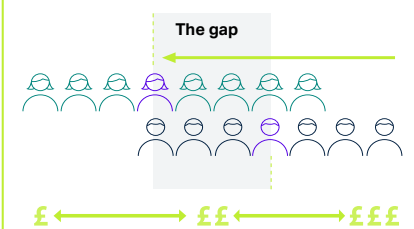
Mean:

The mean is calculated by adding up the total pay of employees and dividing by the number of employees. The calculation is completed separately for men and women and the means are compared.

Mean:



Median:



Median:

The median is the middle number of a ranking of pay from lowest to highest and gives us the best view of 'typical' pay. The calculation is completed separately for men and women and the medians are compared.

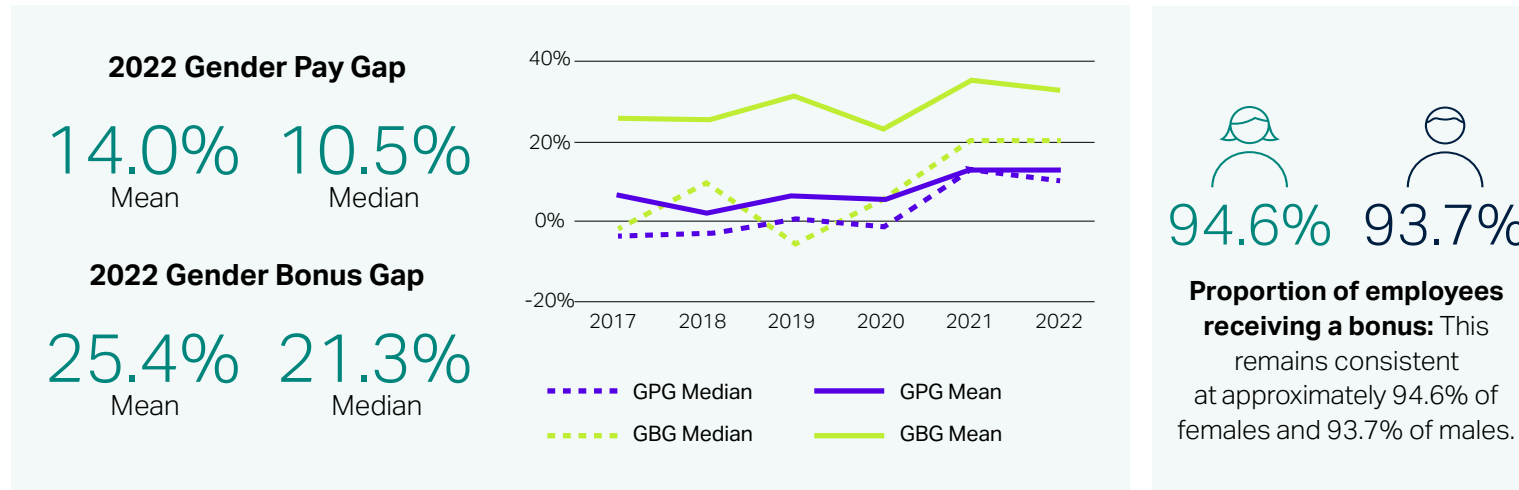
Information on wage elements included in the calculations are included in the Appendix.

It is important to note that UK Gender Pay Gap legislative requirements are binary regarding gender (i.e., identifying as male or female). Whilst we are reporting our statistics in accordance with the legislation, here at MSD, we recognise and support all gender identities.

MSD Overall Gender Pay Gap Results 2022

Gender Pay Gap and Gender Bonus Gap: The chart below shows our MSD Overall Gender Pay Gap and Gender Bonus Gap results for 2022 compared to previous years' results.

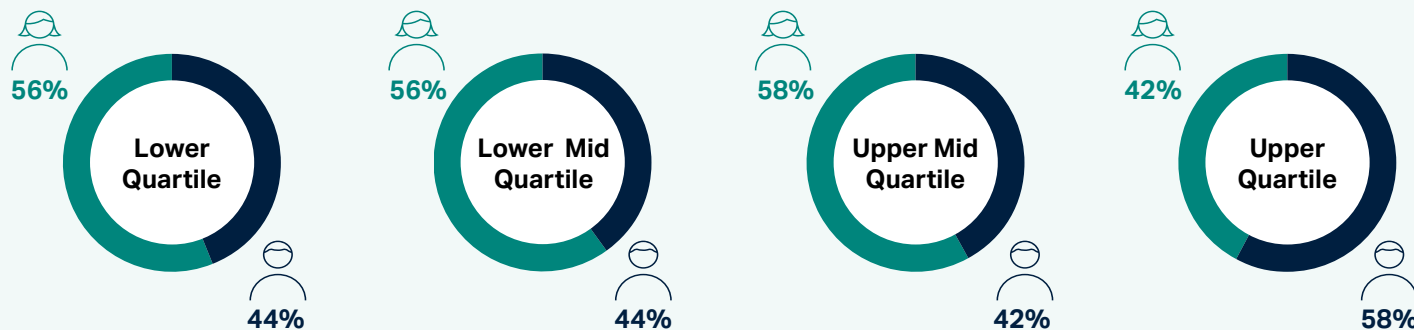
MSD Overall Gender Pay Gap (GPG) and Gender Bonus Gap (GBG) Results



The Gender Pay Gap is predominantly driven by a lower proportion of females in senior roles across the organisation, further highlighting the need for greater representation of females in key areas of our business. To close the gap, we need to drive both short- and long-term change.

As we reflect on the data and our journey to improve opportunities for women across the business, we know that making a meaningful impact takes both time and decisive action. Our cross-functional leadership team are fully committed to being active allies by advocating for greater diversity and representation across our workforce.

Population by pay quartiles: Overall, our workforce is balanced. We acknowledge the need to improve the opportunities and pathways available to women entering more senior roles within the organisation.



For women, by women.

A statement from our Women's Network Employee Business Resource Group (EBRG).

As disappointing as this year's results are, we did not anticipate an overnight change within the organisation. If we are to do this in a sustainable way, we must focus our resources on what will truly make a difference. That is why Stage One of our 3-5 Year Gender Pay Committee remedial plan has focused on gathering insights to audit our company policies and procedures, which we are currently doing with an external specialist.

We are confident in this long-term approach and in our ability to drive improvements as an organisation to close the gap in a sustainable and meaningful way.

Therefore, in 2023, the Women's Network has distributed a questionnaire for all employees identifying as female to understand their perspectives on challenges to career progression within the organisation.

We are also partnering with our HR team to host listening circles and an internal hackathon for employees to share their feedback openly and honestly. This will help us identify key areas of focus for MSD and to ensure our career pathways are both supportive and inclusive.

Now, more than ever, closing the gender pay gap is a top priority for the Women's Network and we invite our employees to keep a look out for more communications this year.

Sarah Valente-Smith and Adele Marshall

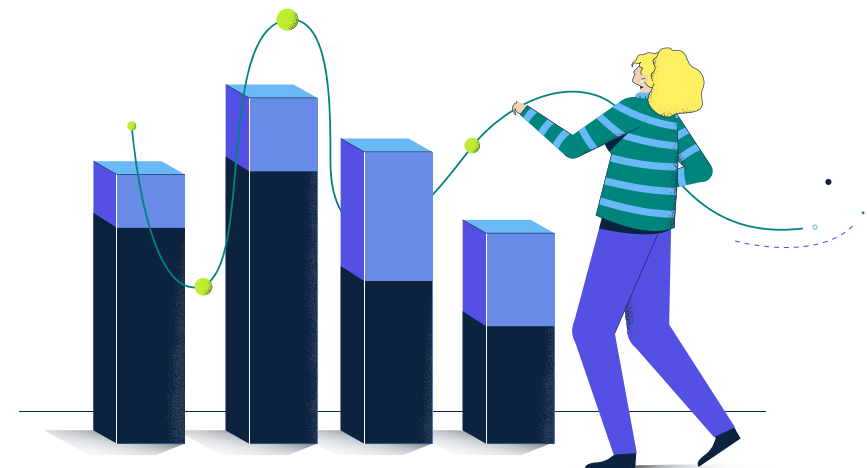
Women's Network Employee Business Resource Group (EBRG) Co-Leads



Sarah Valente-Smith
Oncology Brand Manager



Adele Marshall
Oncology Brand Manager



What we are doing to make a meaningful impact

Here at MSD in the UK, we are committed to actions, not words.

We continue to expand our **family friendly policies at work**, and we're working hard to support equal parental responsibility. Now, our paternity leave policy allows for 12 weeks paid leave with all employees eligible from day one of employment.

We have strengthened our **external policy positioning** to build stronger partnerships through proactive allyship and active collaboration. For the second year, we are involved in the '**Smashing Stereotypes**' campaign for British Science Week, tackling a significant barrier which prevents many under-represented populations from engaging with science: the idea that it is "not for people like me".

Although we are proud to reflect on the progress made over this past year, we are not complacent.

So, we are launching four new initiatives in 2023 to amplify the voice of diversity and inclusion across our organisation:

1. Gender Pay Gap Steering Committee: our 3-to-5-year strategy

Established with the clear goal in mind to create a sustainable, long-term, and inclusive strategy, the Gender Pay Gap Steering Committee has introduced a three-to five-year plan to narrow the gap.

This will consist of three phases:

1. gathering data insights;
2. improvement action plan implementation; and
3. improvement review.

2. Women's Network Hackathon

This June 2023, the Women's Network will be introducing an internal hackathon aimed at addressing barriers to career pathways and progression faced by women across all of MSD in the UK.

3. Independent Diversity & Inclusion Audit

Currently, we are working with an external partner to conduct a diversity and inclusion audit to independently assess and provide feedback on how inclusive our people policies and practices truly are.

Independent reviews like this help hold us accountable to our aim of having an inclusive and representative workforce.

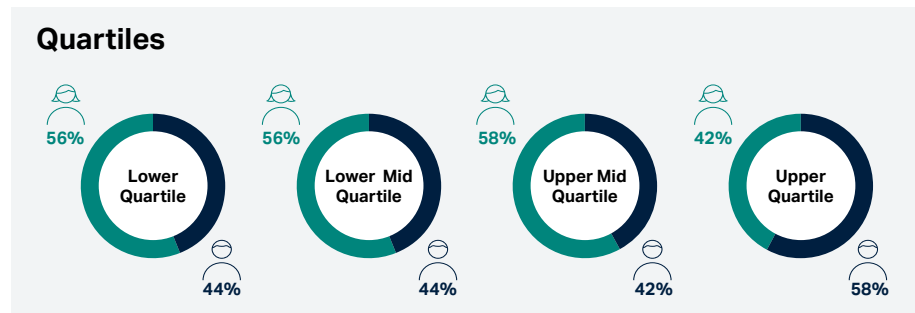
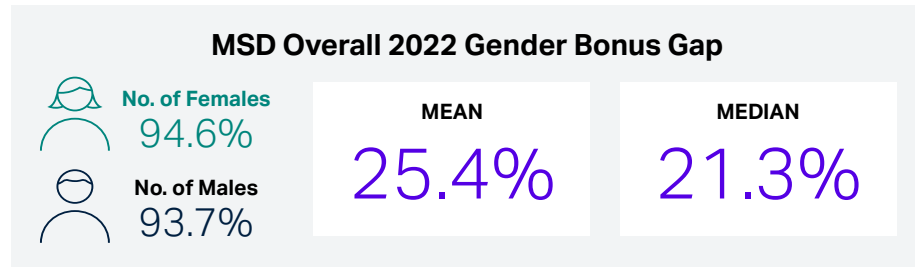
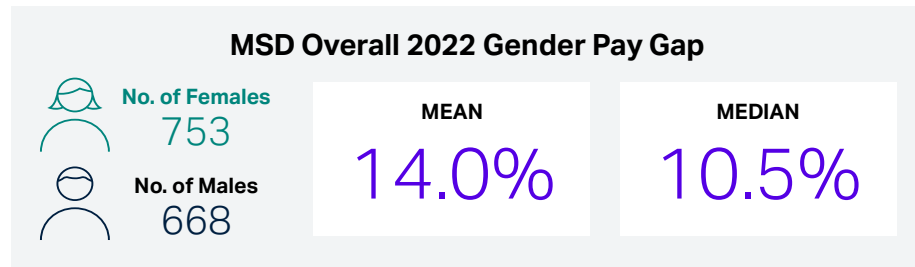
4. Amplifying Employee Voices: qualitative surveys & listening circles

We are reinforcing our promise to fostering a safe and supportive environment for our employees to share and voice their concerns. The Women's Network will be distributing regular surveys and hosting listening circles as forums for men and women from all levels of the organisation to share their experiences, hopes and concerns openly and honestly.

Appendix – Our Full Results

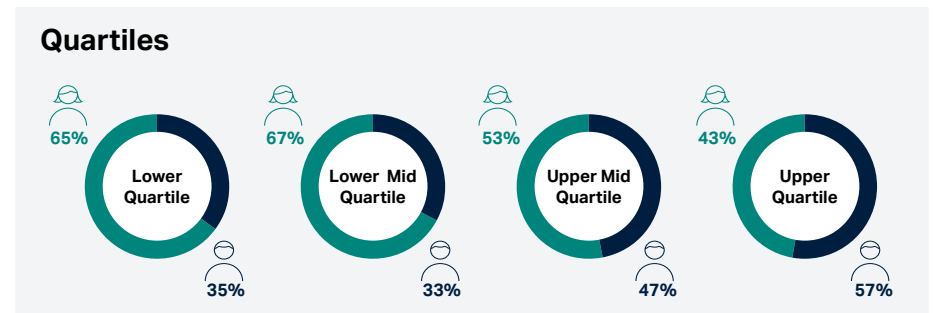
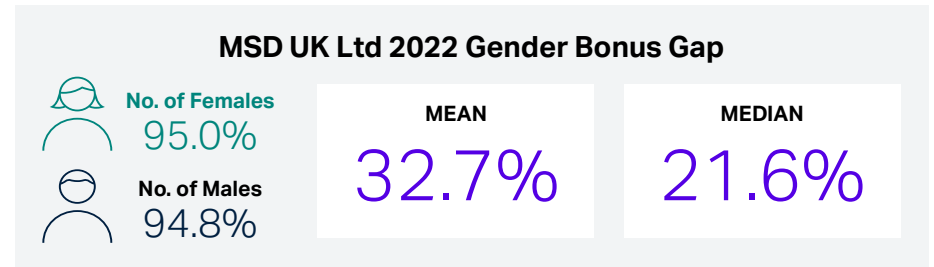
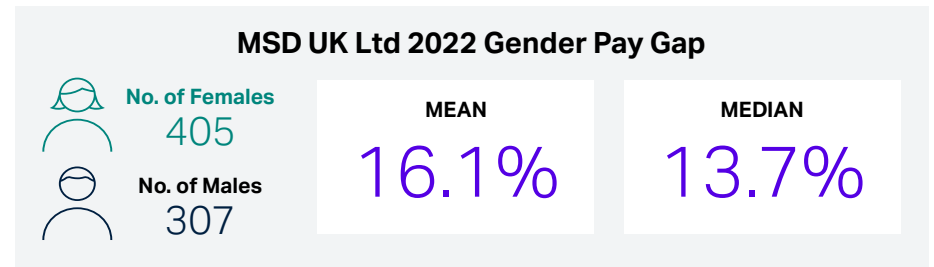
MSD Overall 2022

Includes the following entities: MSD UK Ltd, Animal Health UK Ltd, MSD R&D Innovation Ltd and the newly acquired entities (Allflex UK Group Ltd, Antelliq Holdings France UK and Sure PetCare).



MSD UK Ltd 2022

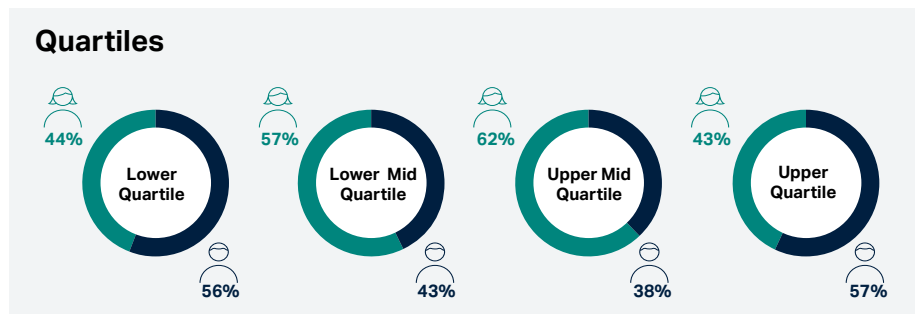
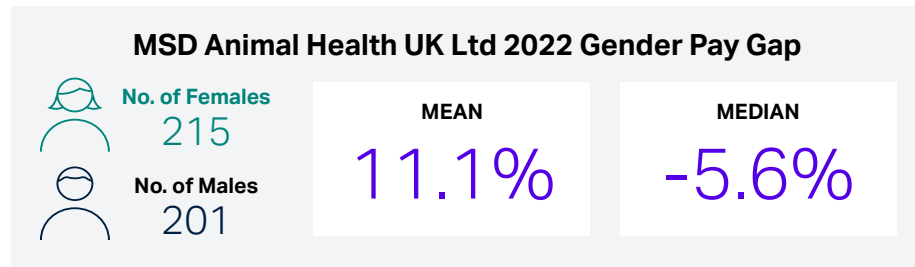
Includes MSD UK Ltd only.



Appendix – Our Full Results

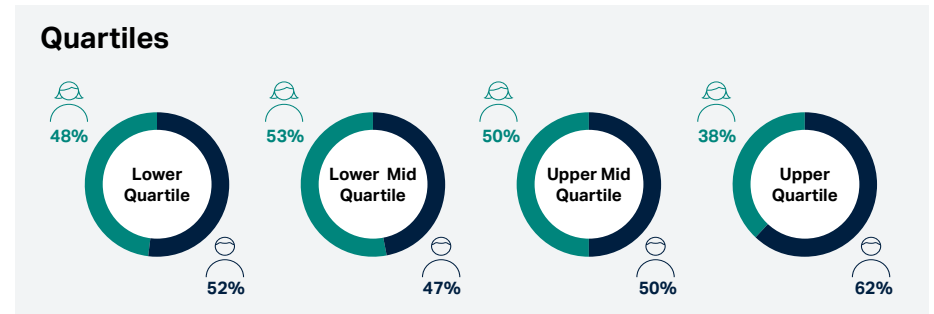
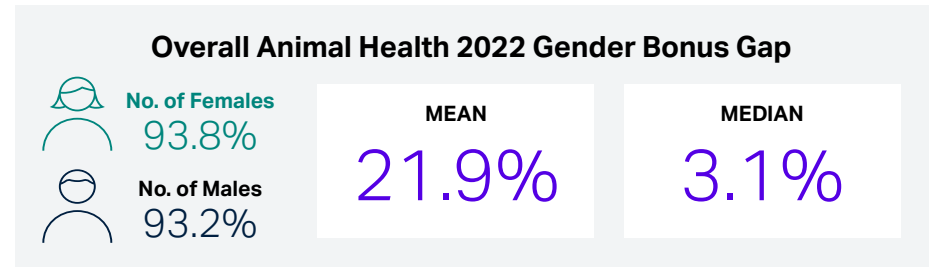
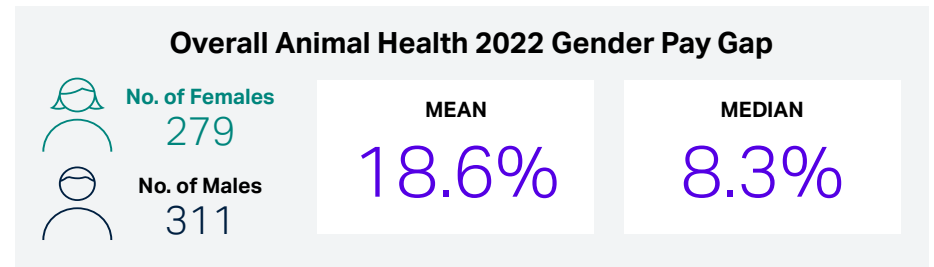
MSD Animal Health UK Ltd 2022

Includes MSD Animal Health UK Ltd only.



Overall Animal Health 2022

Includes MSD Animal Health UK Ltd and the acquired entities (Anteligi Holdings France UK, Sure PetCare and Allflex UK Group Ltd).



Wage elements included within the calculations

Gender Pay Gap (GPG): To determine the Gender Pay Gap (GPG), as defined in UK legislation, the following pay elements have been used, as provided by MSD: basic pay, unpaid leave deduction, car allowance, parental leave pay, shift pay, long service award and referral bonus received in April 2022.

Gender Bonus Gap (GBG): All bonuses paid to relevant employees in the 12 months prior to April 2022 have been included for the gender bonus gap metrics. Bonuses included were: AIP, SIP, retention bonus, sign on bonus, achievement award, long service award, lump sum award, referral bonus, and RSUs; inclusion of these is defined in the regulations.

